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AGENDA ITEM SUMMARY

SUBJECT: FY 2007 Governor's Budget Overview

COMMITTEE: Maryland Higher Education Commission

DATE OF COMMISSION MEETING: February 15, 2006

STAFF: Geoffrey F. Newman

SUMMARY: The Governor's Operating Budget for fiscal 2007 provides a total of \$1.4 billion in general fund support for higher education, an increase of \$151 million, or 12 percent. The Governor's Capital Budget for FY 2007 authorizes \$244 million for higher education capital projects. This is an increase of \$14.4 million, or 6 percent, over the FY 2006 authorization.

RECOMMENDATION: This item is for information only.

MEMORANDUM

DATE: February 15, 2006

TO: Maryland Higher Education Commission

FROM: Calvin W. Burnett

STAFF: Geoffrey F. Newman

SUBJECT: FY 2007 Governor's Budget Overview

FY 2007 Operating Budget Overview

The Governor's operating budget for fiscal 2007 provides a total of \$1.4 billion in general fund support, an increase of \$151 million, or 12 percent. Tables 1 through 5 provide detail of how this funding is allocated.

The University System of Maryland

The University System of Maryland (USM) receives an increase of \$101 million, or 12.5 percent, for a total of \$910 million in general fund support. USM is also expected to receive an additional increase to support cost of living increases for faculty and staff. Table 1 shows the allocation of USM's fiscal 2007 allowance.

Increased funding to the University System of Maryland and its constituent institutions will be used to fund mandatory increases such as step and merit increases and fringe benefits, a \$1.5 billion institution-based capital campaign, bioengineering, public health, and public policy initiatives at the University of Maryland, College Park, a regenerative medicine initiative at the University of Maryland, Baltimore, and support for language and homeland security program enhancements. Operating support of \$1.5 million is being provided for the second building at the Center for Advanced Research in Advanced Biotechnology (CARB II) at the University of Maryland Biotechnology Institute.

In addition, funding to the historically black institutions within the USM includes \$1.5 million in need-based financial aid enhancements, \$4.5 million in Access and Success funding (formerly provided through the MHEC Educational Grants program), and \$3.8 million in debt service relief for Coppin State University.

Morgan State University

The fiscal 2007 Governor's allowance for Morgan State University is \$61.8 million. This is almost \$10 million, or 19.2 percent, higher than the fiscal 2006 appropriation. Funding is being provided for merit increases to faculty and staff; to fund inflation to prevent erosion of the base budget; to provide a full-time faculty contingent appropriate for a doctoral-granting institution; to provide full-time staff to reduce dependency upon contractual employees; to preserve facility improvements; to support information technology upgrades; to improve communication and marketing efforts; to equip new facilities; and to provide financial assistance to students with need and graduate level students.

Morgan's allowance also includes \$1.5 million in Access and Success funds to improve student retention and graduation rates, \$500,000 for need-based financial aid and \$2.2 million for academic program enhancements.

St. Mary's College of Maryland

The fiscal 2007 allowance for St. Mary's College is \$15.9 million. This is \$1.3 million, or 9 percent, higher than the fiscal 2006 appropriation. This allowance is \$875,000 higher than the funding recommended by the college's statutory funding formula for fiscal 2007. The college plans to use the extra funds to provide additional scholarship aid and tuition waivers to students, add full-time faculty, enhance the international education initiative, and fund inflation.

Aid to the Independent Institutions

The fiscal 2007 allowance includes full funding of \$50 million to the Joseph A. Sellinger Program. This is an increase of \$4.1 million, or 9 percent, over the fiscal 2006 appropriation. This allowance will fully fund the independent colleges and universities at the statutory level of 16 percent of the State's General Fund per full-time equivalent student at Maryland four-year public colleges and universities.

Baltimore City Community College

The fiscal 2007 allowance for Baltimore City Community College (BCCC) is \$35.1 million. This is \$2.3 million, or 7 percent, higher than the fiscal 2006 appropriation, and \$3.6 million higher than the level recommended by the college's funding formula, which recommends a funding level of 66 percent of the average appropriation per FTES at select four-year public institutions. Also included in the allowance is \$481,408 to fund the annual English for Speakers of Other Languages (ESOL) grant.

Community Colleges

Aid to Community College funding for fiscal 2007 totals \$206 million. This funding includes full funding of \$165 million to the John A. Cade formula, which provides 25 percent of the average appropriation per FTES at select four-year public institutions to each college based on the college's enrollment.

In addition, the allowance includes \$41 million for the following: retirement/fringe benefits; statewide and health manpower programs; English for Speakers of Other Languages; Garrett/West Virginia Reciprocity Agreement; small community college grants; Somerset reciprocity grant; the Innovative Partnership for Technology Grant; and the Appalachian Mountain Community College Grant.

Regional Higher Education Centers

The fiscal 2007 allowance to the Commission Grants program includes \$850,000 for regional higher education centers. This is a \$100,000, or 13.3 percent, increase over funding provided in the fiscal 2006 operating budget. This allowance provides funding for six centers; the Arundel Mills Center, the Eastern Shore Higher Education Center, the HEAT Center, the Laurel Center, the Southern Maryland Higher Education Center, and the Waldorf Center.

Maryland Higher Education Commission

General Administration

The Commission receives a \$192,625, or 3.2 percent, increase to the general administration budget. This increase will fund inflationary costs.

Grants

The Commission's Educational Grants programs increase by \$458,000, or 2.3 percent, in the fiscal 2007 Governor's allowance. This includes increases to the Washington Center for Internships, Regional Higher Education Centers, the IMPART grant, the Wellmobile program at the University of Maryland, Baltimore, the development of an Aging Studies Program at the University of Maryland Baltimore County, and the Private Donation Incentive Grant.

The increase also funds new grants for outreach programs, a First-year Experience Program for HBIs, a Community College Grant for Students with Learning Disabilities, Maryland Industrial Partnerships, and Professional Development Schools.

Two programs that were formerly funded have been eliminated or reallocated. The surge space funding to Baltimore City Community College is no longer needed, and the Access and Success Grant funding has been provided as appropriations in the operating budgets of each of the four historically black institutions.

Financial Aid

The fiscal 2007 Governor's operating budget includes a general fund appropriation of \$110.7 million for financial aid programs (Table 8). This is an increase of \$17.6 million, or 18.9 percent. Most of the increase goes to the Education Excellence Awards program, which includes the state's two major need-based financial aid programs, the Educational Assistance Grant, and the Guaranteed Access Grants. The allowance continues to transfer funding out of the HOPE

scholarship programs and into the need-based programs. The fiscal 2007 budget transfers \$3.2 million from HOPE to the Education Assistance Grants programs.

The allowance also includes smaller increases to other programs. Delegate Scholarship funding is increased by \$240,703 to meet statutory funding levels. The Janet L. Hoffman Loan Assistance Repayment Program receives a total increase of \$40,000. Nursing Scholarship funding is increased by \$1.1 million to reduce a significant waiting list for nursing scholarships. Another need-based program, the Part-time Grant program, receives an increase of \$1.1 million. The William Donald Schaefer Scholarship Program for students majoring in public policy is increased by \$90,000.

FY 2007 Capital Budget Overview

The Governor's Capital Budget for FY 2007 authorizes \$244 million for higher education capital projects. This is an increase of \$14.4 million, or 6 percent, over the FY 2006 authorization. Tables 6 – 10 provide details of the authorization.

University System of Maryland

The allowance for the University of Maryland (USM) is \$161 million. This is \$18.4 million, or 13 percent, higher than the FY 2006 authorization. The capital authorization includes projects at eight of the system's 11 degree-granting institutions, as well as projects at the University of Maryland Center for Environmental Science, and the Universities at Shady Grove. Projects funded in the FY 2006 authorization include:

- ?? Bowie State University – New Fine and Performing Arts Building;
- ?? Coppin State University – New Physical Education Complex and Security System upgrades;
- ?? Salisbury University – New Teacher Education and Technology Complex, and New Perdue School of Business Building;
- ?? Towson University – New College of Liberal Arts Complex; and
- ?? University of Maryland University College – Academic Technology Support Center.

Table 7 provides detail on all projects funded.

Morgan State University

Morgan State University's fiscal 2007 capital budget authorization totals \$14.2 million. Although lower than the fiscal 2006 authorization, the FY 2007 authorization provides planning funds for five projects at Morgan State. These include:

- ?? Campuswide Utility Upgrades and Site Improvements;
- ?? New Center for Built Environment and Infrastructure Studies;
- ?? The Lillie Carroll Jackson Museum; and
- ?? Northwood Shopping Center Demolition.

Morgan's projects are provided in Table 8.

St. Mary's College of Maryland

As shown in Table 9, the authorization for St. Mary's College of Maryland is \$9.7 million. This is \$5.3 million, or more than double, the fiscal 2006 authorization. Projects being funded in FY 2007 include:

- ?? New Student Services Building; and
- ?? New Academic Building.

Maryland Independent College and University Association

Three independent colleges and universities receive a fiscal 2007 capital authorization of \$8 million through the Maryland Independent College and University Association (MICUA) (Table 6). This funding is allocated evenly to each institution and will provide a portion of funding to the following projects:

- ?? College of Notre Dame and Loyola College – Library Renovation and Expansion;
- ?? Washington College – Fine Arts Academic Center; and
- ?? Johns Hopkins University – New School of Nursing Facility.

Community College Capital Grant Program

Community colleges receive State capital funding through the Community College Capital Grant Program administered by the Maryland Higher Education Commission. The authorization for FY 2007 for the program is \$51.3 million. This is \$5.6 million, or 12 percent, higher than the FY 2006 authorization.

Projects funded in the FY 2007 capital grant program include:

- ?? Renovating the Commons and Expanding the Takoma Park Campus of Montgomery College;
- ?? Renovating the Career Programs Building with improvements to the Loop Road at Hagerstown Community College;
- ?? Renovating Aberdeen Hall at Harford Community College; and
- ?? Renovating the Talbot Science Building at Chesapeake College.

As shown in Table 10, each community college has at least one project funded in the FY 2007 Capital Grant Program.

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